



Service Procedure

(7-Step Service Procedure)

Objective

The 7-step service procedure is the foundation of Toyota Quality Service promoted by Toyota Motor Corporation.

The 7-step process ensures efficient service operations that deliver quality customer service and dealership profitability.

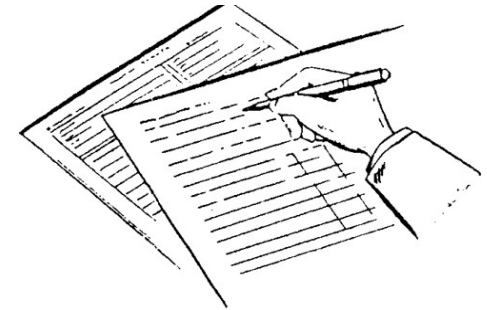
7-Step Service Procedure



Step 1 : Appointments



Step 2 : Reception



Step 3 : Repair Orders



Step 7 : Post Service Follow-up



Step 4 : Dispatch & Production



Step 5 : Quality Control



Step 6 : Service Delivery

STEP - 1.



Appointments

Prerequisites of an Appointment System

- **Control the number of customers to prevent congestion or crowded**
- **Allocate adequate time to clearly identify customers needs**
- **Confirm the parts availability prior to customer's arrival**
- **Monitor & schedule all available Technician labor hours**
- **Effectively handle “walk-in” customers & repeat repairs**

Prerequisites of an Appointment System

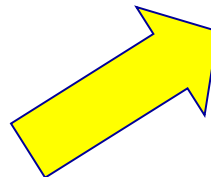
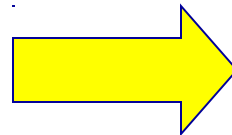
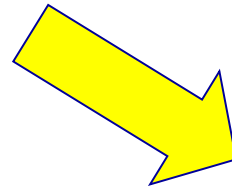
- **Follow-up customers before their appointment date to reduce the incidence of 'no-shows'**
- **Follow-up all 'no-shows,' & reschedule appointments**
- **Promote appointments in all advertising & customer contact**
- **Flexibility to forecast future appointments**

***Heijunka* Leveling the Work Load**

**Scheduling Customer
appointment times**

**Loading the Service
shop for each
individual Technician**

**Synchronizing
information with
the Parts Dept.**

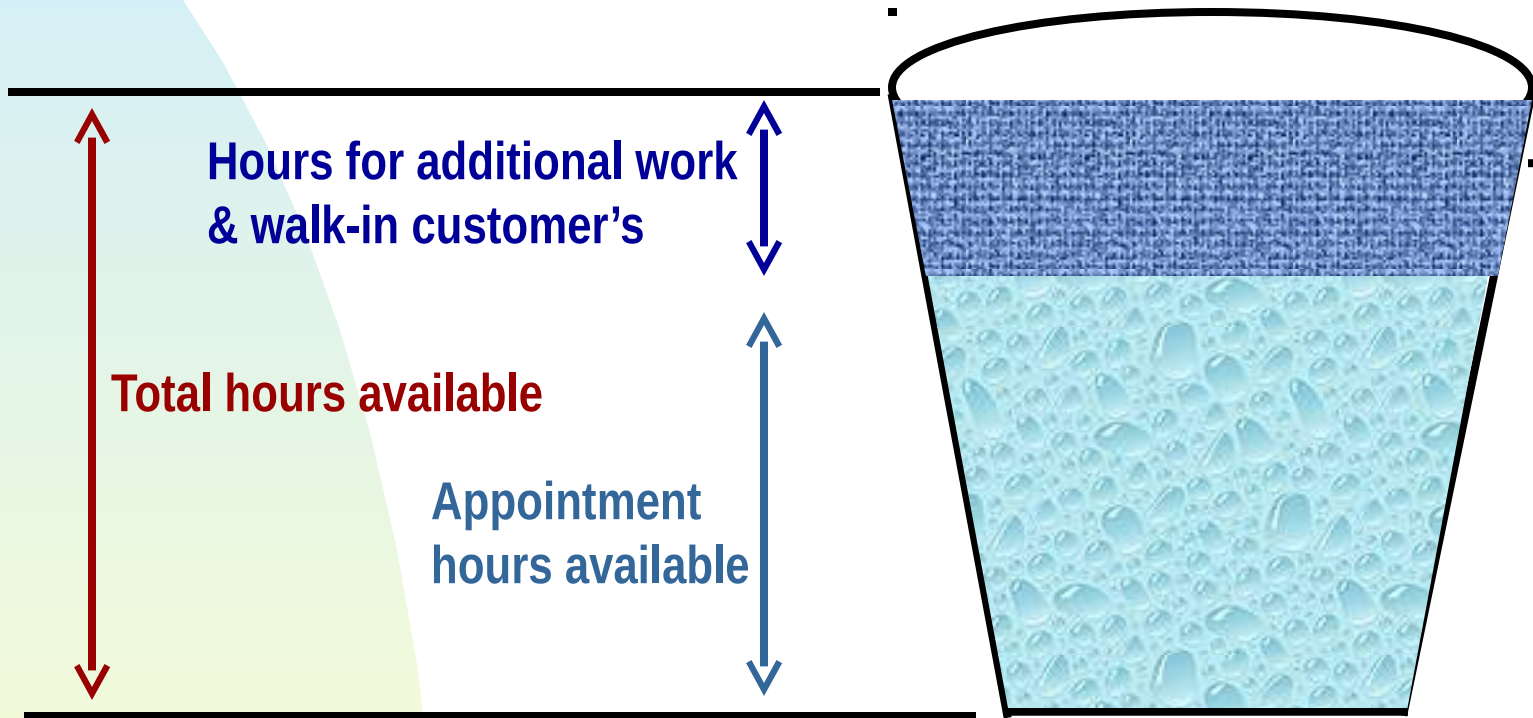


**A Good appointment
system creates a
smooth workflow**

The only Product Available to Sell is Hours !!



The Time Bucket



Calculating the Available Hours

(Time Bucket Example)

Example: **Total Hours Available**

= No. Technicians x daily work hours x productivity
= 10 Technicians x 8 hours x 100%
= 80 hours available

Appointment Hours Available *(80% appointment rate)

= No. Techs x hours x overall productivity x appointment rate

= 10 Techs x 8 hours x 100% x 80%
= 64 hours available to sell through appointments

*~~Note: 20% reserved for carry-overs, non-appointment customers & additional work found~~


Carry-over hours (10)

| | | | | | | | | | | | |
|-----|------|------|------|------|------|------|------|------|------|------|------|
| .5 | 7.5 | 14.5 | 21.5 | 28.5 | 35.5 | 42.5 | 49.5 | 56.5 | 63.5 | 70.5 | 77.5 |
| 1.0 | 8.0 | 15.0 | 22.0 | 29.0 | 36.0 | 43.0 | 50.0 | 57.0 | 64.0 | 71.0 | 78.0 |
| 1.5 | 8.5 | 15.5 | 22.5 | 29.5 | 36.5 | 43.5 | 50.5 | 57.5 | 64.5 | 71.5 | 78.5 |
| 2.0 | 9.0 | 16.0 | 23.0 | 30.0 | 37.0 | 44.0 | 51.0 | 58.0 | 65.0 | 72.0 | 79.0 |
| 2.5 | 9.5 | 16.5 | 23.5 | 30.5 | 37.5 | 44.5 | 51.5 | 58.5 | 65.5 | 72.5 | 79.5 |
| 3.0 | 10.0 | 17.0 | 24.0 | 31.0 | 38.0 | 45.0 | 52.0 | 59.0 | 66.0 | 73.0 | 80.0 |
| 3.5 | 10.5 | 17.5 | 24.5 | 31.5 | 38.5 | 45.5 | 52.5 | 59.5 | 66.5 | 73.5 | |
| 4.0 | 11.0 | 18.0 | 25.0 | 32.0 | 39.0 | 46.0 | 53.0 | 60.0 | 67.0 | 74.0 | |
| 4.5 | 11.5 | 18.5 | 25.5 | 32.5 | 39.5 | 46.5 | 53.5 | 60.5 | 67.5 | 74.5 | |
| 5.0 | 12.0 | 19.0 | 26.0 | 33.0 | 40.0 | 47.0 | 54.0 | 61.0 | 68.0 | 75.0 | |
| 5.5 | 12.5 | 19.5 | 26.5 | 33.5 | 40.5 | 47.5 | 54.5 | 61.5 | 68.5 | 75.5 | |
| 6.0 | 13.0 | 20.0 | 27.0 | 34.0 | 41.0 | 48.0 | 55.0 | 62.0 | 69.0 | 76.0 | |
| 6.5 | 13.5 | 20.5 | 27.5 | 34.5 | 41.5 | 48.5 | 55.5 | 62.5 | 69.5 | 76.5 | |
| 7.0 | 14.0 | 21.0 | 28.0 | 35.0 | 42.0 | 49.0 | 56.0 | 63.0 | 70.0 | 77.0 | |

| Technicians Name | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | Total Hours Available | Appt. Hours Booked | Total Hours Left |
|------------------|---|---|----|----|----|----|----|----|----|----|-----------------------|--------------------|------------------|
| Darma | | | | | | | | | | | 8 | 5 | 3 |
| Fayez | | | | | | | | | | | 8 | 4 | 4 |
| Jenkins | | | | | | | | | | | 8 | 3.5 | 4.5 |
| Joe | | | | | | | | | | | 8 | 2 | 6 |
| Osnil | | | | | | | | | | | 8 | *(8) | 0 |
| Peter | | | | | | | | | | | 8 | 3.5 | 4.5 |
| Sean | | | | | | | | | | | 8 | 2 *(2) | 4 |
| Tim | | | | | | | | | | | 8 | 2 | 6 |
| Dave | | | | | | | | | | | 8 | 4 | 4 |
| John | | | | | | | | | | | 8 | 6 | 2 |
| Total | | | | | | | | | | | 80 | 32 *(10) | 38 |

 Carry-over
10 hours

 1st allocation
15.5 hours

 2nd allocation
8 hours

 3rd allocation
8.5 hours

What do we need to measure?

- **Appointment Rate**
- **No-show Rate**
- **Work-mix**
- **Capacity & Labor Utilization**
- **Total Carry-overs and Cause**

Measuring the Appointment Rate

Percentage of customer repair orders that are written based on customers requesting an appointment

$$\text{Appointment Rate \%} = \frac{\text{Total \# of customers with appointments}}{\text{Total \# of customers}}$$

Guide: less than 80%

Measuring the “No-show” Rate

Percentage of customers who did not arrive for scheduled appointments

$$\text{No-show rate \%} = \frac{\text{Total \# of No-show customers}}{\text{Total \# of customers with appointments}}$$

Work-mix

Workmix needs to be considered when loading the service shop

There are two main types of workmix;

1. Maintenance (70%)
2. Repair (30%)

Note: Varies from Dealer to Dealer

Maintenance Work

- Regular maintenance services
- Requires semi-skilled Technicians
- Is typically done at a higher productivity rate

Repair Work

- More expensive repairs e.g. engine, transmission & suspension repairs etc.
- Requires higher skilled Technicians
- Is typically done at a lower productivity rate

Note: Individual Technician skill levels must be taken into account when determining work mix

“Carry-Overs”

Definition:



A carry-over is a vehicle was promised to be completed on the original day, but was unable to be completed due to unforeseen circumstances. Therefore, it was necessary to “carry-over” the vehicle to the next day.



Or, a customer is received the day prior to the work actually starting.

Measuring the Carry-over Rate

Unplanned carry-over units should be measured on a daily basis

$$\text{Carry-over rate \%} = \frac{\text{Total \# of unplanned carried over units}}{\text{Total \# of units serviced}}$$

Guide: less than 5%

Types of Appointment Systems

Appointment Pad/Sheet

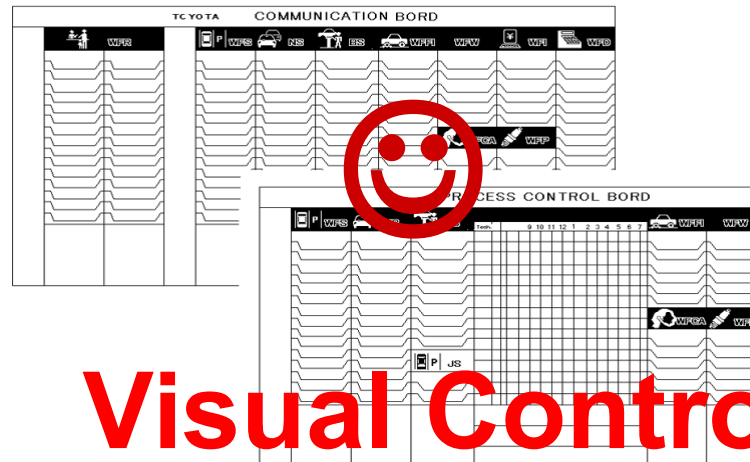
| APPOINTMENT SHEET MONDAY June 23 1998 | | | | | |
|--|-----------|---------|----------------------|------------|-----------------|
| Periodic Maintenance | | | | | |
| Name | App. Time | Model | Service Requirements | Estimation | PM hrs Avail 16 |
| Smith | 8:00 | SLVD | 3,000mi service | 1hr | 1 |
| Jones | 8:30 | AE 10 | 3,000mi service | 2.0hr | 1.5 |
| Phillips | 9:30 | AE 10 | 3,000mi service | 1.0 | 2 |
| Gordon | 9:00 | LC 10 | 3,000mi service | 1.0 | 2.5 |
| Summers | 9:30 | P-2J 80 | 5,000mi service | 0.5 | — |
| Williams | 9:30 | AL 25 | 4,000mi service | 2.5 hrs | 3.5 |
| Bart | 9:45 | Starlet | 1,000mi service | .5 hrs | — |
| Emm | 10:00 | Proth | 1,000mi service | .5 hrs | 4.5 |
| Chen | | | | | |

| APPOINTMENT SHEET MONDAY June 23 1998 | | | | | |
|--|-----------|-----------|----------------------|------------|-----------------|
| General Repair | | | | | |
| Name | App. Time | Model | Service Requirements | Estimation | GR hrs Avail 32 |
| Alton | 8:00 | LC 10 | Clutch Slipping | .4hrs | 1 |
| Clark | 8:30 | Torres | Realigning of | 1.5hrs | 1.5 |
| Murphy | 9:30 | Est Sardo | Engine repair | 3hr | 2 |
| Boyd | 9:45 | AE 95 | transmission | .2hrs | 2.5 |
| | | | | | 4 |
| | | | | | 4.5 |
| | | | | | 5 |
| | | | | | 5.5 |
| | | | | | 6 |
| | | | | | 6.5 |
| | | | | | 7 |
| | | | | | 7.5 |
| | | | | | 8 |
| | | | | | 8.5 |
| | | | | | 9 |
| | | | | | 9.5 |
| | | | | | 10 |

Computer System



Appointment Board



Visual Control

*To effectively load the service shop, TMC has introduced the **visual control** concept*

Benefits include:

- **Show the current status and available appointment capacity**
- **Promotes leveling of the daily workload**

Promoting Appointments

- **During the vehicle sales process**
- **Service Advisor business cards**
- **Service marketing brochures**
- **Signage in reception**
- **Service reminder direct mail**
- **Dealer internet home page**

Summary

An appointment system will effectively load the service shop and enhance customer satisfaction by allowing sufficient time to be spent with each customer.

If the appointment system is functional many other work processes will proceed smoothly and efficiently.

STEP - 2.



Reception

1. Signage

- **Trading hours**
- **Early bird service**
- **Dealership entrance/exit is clearly visible**
- **Reception signs with directional arrows**
- **Customer parking**
- **Waiting lounge, toilets etc.**
- **Payment options**
- **Signs are easily visible & expressed in positive words**

2. Facility - Service Reception

- **Adequate parking**
- **Clean & inviting customer lounge**
- **Courtesy transport**
- **Seat covers & floor mats stand**
- **Promotional material/service menu displays are current & appealing**

3. Service Advisor

- **Personal appearance & grooming**
- **Clearly identified by uniform/name badge**
- **Questioning & listening skills e.g. 5W, 2H rule**
(who, what, where, when, why, how, how much)
- **Repair order compilation (prime item of concern)**
- **15 to 20 repairs orders per Service Advisor per day**

4. Process

- **Acknowledge customer's arrival**
- **Review previous service history**
- **Pre-diagnostic questioning sheet used for difficult problems**
- **Install seat covers & floor mats in the presence of the customer**
- **Conduct a vehicle walk-around inspection**
- **Explanation of the service needs, benefit, cost & duration of the job**

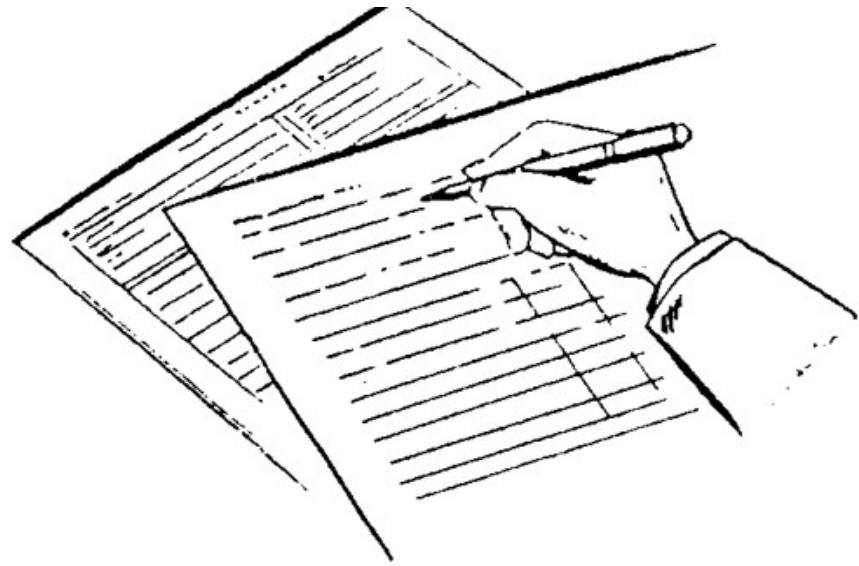
4. Process cont.....

- **Provide advice on additional work deemed necessary**
- **Obtain authorization signature**
- **Vehicle security including personal items left inside**
- **Identification of vehicle keys & parking stall number**
- **Inquire if the customer would like to inspect the replaced parts**

Summary

The objective of the reception process, is to receive customers in an orderly & professional manner, & to instill customer confidence, based on the dealer's ability to exceed customers' expectations.

STEP - 3.



Repair Orders

Repair Order Process

A Dealer may use; manually written or computer generated repair orders. Regardless of the type, the process & flow of information should include;

Availability: *Access the repair order quickly & easily*

Synchronization: *With the parts department for pre-ordering & picking*

Control: *Numerical sequence*

Accuracy: *All information is clearly legible & accurate*

Repair Order Content

Although there is a wide variation in acceptable repair order design the following information sources must be covered;

Customer Details

Vehicle Details

Work Details

Additional Information

Customer Details

- **Customer's name & address**
- **Telephone contact numbers
(home, business or mobile)**
- **Method of payment**
- **Customer's signature/authorization**

Vehicle Details

- **Vehicle identification number/frame number**
- **Model type**
- **Production date**
- **Vehicle registration date**
- **Vehicle license plate number**
- **Odometer reading**

Work Details

- Detailed description of the customer's request
- Estimated cost
- Detailed description of work done by the Technician e.g.
 - measurements, adjustments and observations
 - oil and lubricant quantities etc.
 - parts replaced
- Record of job completion time from start to finish
- Verification of the quality control inspection

Additional Information

- **Service Advisor's name**
- **Job type (warranty, maintenance, repair)**
- **Vehicle walk-around inspection results**
- **Additional work required**
- **Retain replaced parts**
- **Promised delivery/pickup time**
- **Preferred method of post service follow-up**

Summary

Accurate repair order information & effective process management by staff contributes to customer satisfaction. Effective repair order writing provides the foundation to achieve 'fix-it-right the first time'.

STEP - 4.



Dispatch & Production

Prerequisites of a Dispatch & Production System

- **Maintain a productive working environment**
- **Follow-up on Technician's work status**
- **Communication & synchronization with the parts department**
- **One repair order assigned at a time to one Technician**
- **Priorities repeat repairs & waiting customer's**

Prerequisites of a Dispatch & Production System

- **Identify Technician's 'next job'**
- **Monitor & control job stoppages including sublet repairs**
- **Assign jobs based on Technician's skill level**
- **Record the Technician hours available & hours unsold**
- **Clock on & off each repair order to monitor productivity, labor utilization & efficiency results**

Using a Production Schedule

The production schedule should be based around meeting the time promised to the Customer

Promised Time: 1.30 p.m.

***Flat Rate Time: 2.3 hours**

*** Includes quality inspection & washing etc.**

Lunch Break: 1.0 hour

Invoicing: 0.2 hours

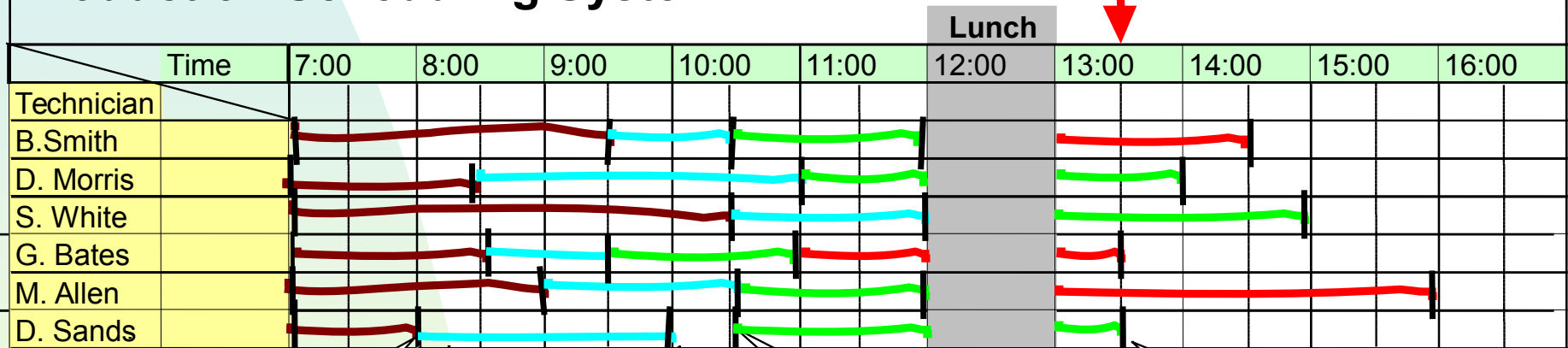
Latest Start Time: 10:00 a.m.

It is essential that the Customer is advised if the completion time has changed compared to the original time

Technicians' Production Schedule

Production Scheduling System

(either located on control sheet or control board)



Technician's first
job, finish time
8.00 am

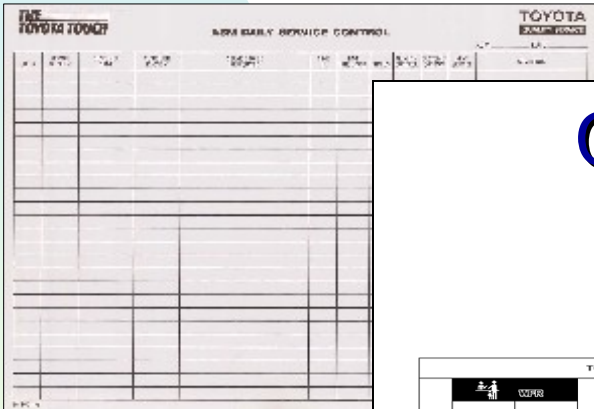
Technician
30 minutes
without a job

Technician's
third job, start
time is 10.30 am

Current time is 13:30
the third job is due
for completion

Types of Control Systems

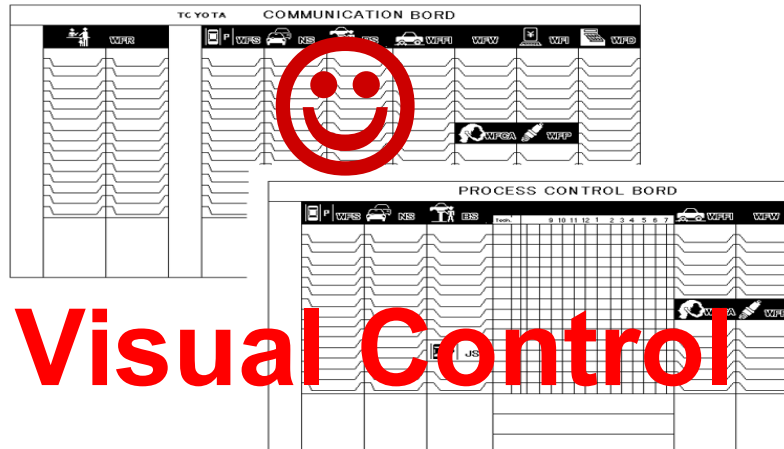
Control Pad/Sheet



Computer System



Control Board



Visual Control

Visual Control

*To effectively monitor job progress, TMC has introduced the **visual control** concept*

Benefits Include:

- Status of each job indicating commencement & expected completion time
- Technician's next job with minimal delay
- Monitor & control job stoppages

Summary

The efficient flow of work through the Service Department requires good co-ordination of manpower & facilities.

The Dealer should have in place a system to control and monitor the flow & distribution of repair orders through the Service Department.

STEP - 5.



Quality Control

Benefits of a Quality Control System

- **Ensure the job is done right “Fix-it-Right the First Time”**
- **Reduce the incidence of comeback complaints**
- **Increase customer satisfaction & retention**
- **Increase employee satisfaction**

Priority Vehicles

Ideally, all vehicles should be quality inspected. However, if all vehicles can not be inspected, it is recommended that the following priorities are applied;

- Repeat repairs
- Customer complaints
- Safety related repairs
- Warranty repairs
- Service campaigns
- Driveability & N.V.H. concerns
- Sublet repairs

- Major repairs/high cost
- Major maintenance services
- Emission repairs
- Brake & suspension repairs
- Technician description “no fault found”

Inspection Items

- **Service Advisor's description of the work needed**
- **Technician's description of the work done
(what was done, why and how the problem was fixed)**
- **Replaced parts**
- **Vehicle cleanliness**
- **Test drive for normal condition if necessary**

Recording Results

- **Quality control sheet, stamp or signature on the repair order to verify inspection**
- **Report any vehicles that fail the inspection**
- **Determine the cause & provide feedback**
- **Inform the customer of the quality control process**

Repeat Repairs or “Comebacks”

Definition:

A repeat repair is a vehicle that has either failed to pass the Dealer’s quality control check, or is returned by the customer due to an unsatisfactory standard of work.

Possible Causes for Repeat Repairs

- **Poor Service Advisor's questioning skills**
- **Not identifying "Prime Item of Concern"**
- **Incorrect diagnosis**
- **Poor Technician skill level** (*wrong job to wrong Technician*)
- **Lack of tools & equipment** (*SST's Diagnostic*)
- **Inadequate explanation during the delivery process**

Summary

The quality control system is designed to ensure that customers vehicles are consistently fixed right the first time.

STEP - 6.



Service Delivery

Service Delivery Process

The service delivery process should include:

- 1. Verification the quality control inspection is completed**
- 2. Confirmation that the customer's requests have been met**
- 3. Original estimate and the total invoice price match**
- 4. Customer is advised that their vehicle is ready for pickup**
- 5. On arrival the customer is promptly greeted**
- 6. Service Advisor shows the replaced parts, explains work performed and cost**

Service Delivery Process Cont....

- 7. Determine the preferred method of post service follow-up**
- 8. Advise when next service is due or additional repairs**
- 9. Payment is received & receipt is provided**
- 10. Delivers the vehicle to the customer, or escorts the customer to the vehicle**
- 11. Thank customers for their business**

Summary

The goal of the service delivery system is to ensure that customers leave the dealership with a positive impression and satisfaction of the work requested.

STEP - 7.



Post Service Follow-up

Prerequisites of a Post Service Follow-up System

- **Written post service follow-up policy**
- **Customer contact within 72 hours**
- **Register for tracking customer responses**
- **Follow-through on customer requests or dissatisfied customer concerns**

Follow-up Methods

There are two main methods of customer follow-up;

1. Telephone Follow-up

- **Advantages include;**
 - Fast and personal
 - Immediate feedback is provided
 - Customers may volunteer additional information not requested on a direct mail questionnaire.
- **Requirements;**
 - Dedicated quiet area
 - Copies of repair orders & customer history file
 - Limit the number of survey questions to 5 or 6
 - Record summary response on registers/reports

Follow-up Methods

2. Direct Mail & Survey Response Cards

- **Advantages include;**
 - Written responses for easy record keeping
- **Methods include;**
 - Hang survey card from the interior mirror
 - Give survey card to the customer during service delivery
 - Mail survey card to the customer
- **Essential to include a postage pre-paid envelope**

Tracking & Reporting Customer Responses

For analysis purposes there are seven general areas of service complaints;

- 1. Greeting & Courtesy:** *How the customer was acknowledged & treated by employees*
- 2. Repair:** *Unsatisfactory standard of work*
- 3. Pricing:** *Was the price as agreed upon and value for money*
- 4. Time:** *Was the vehicle completed on time*
- 5. Cleanliness:** *Was the vehicle returned in a clean condition*
- 6. Service Delivery:** *Was a satisfactory explanation of work performed given to the customer*
- 7. Operation/Other:** *Concerns regarding customer facilities e.g. waiting lounge, courtesy transport, etc.*

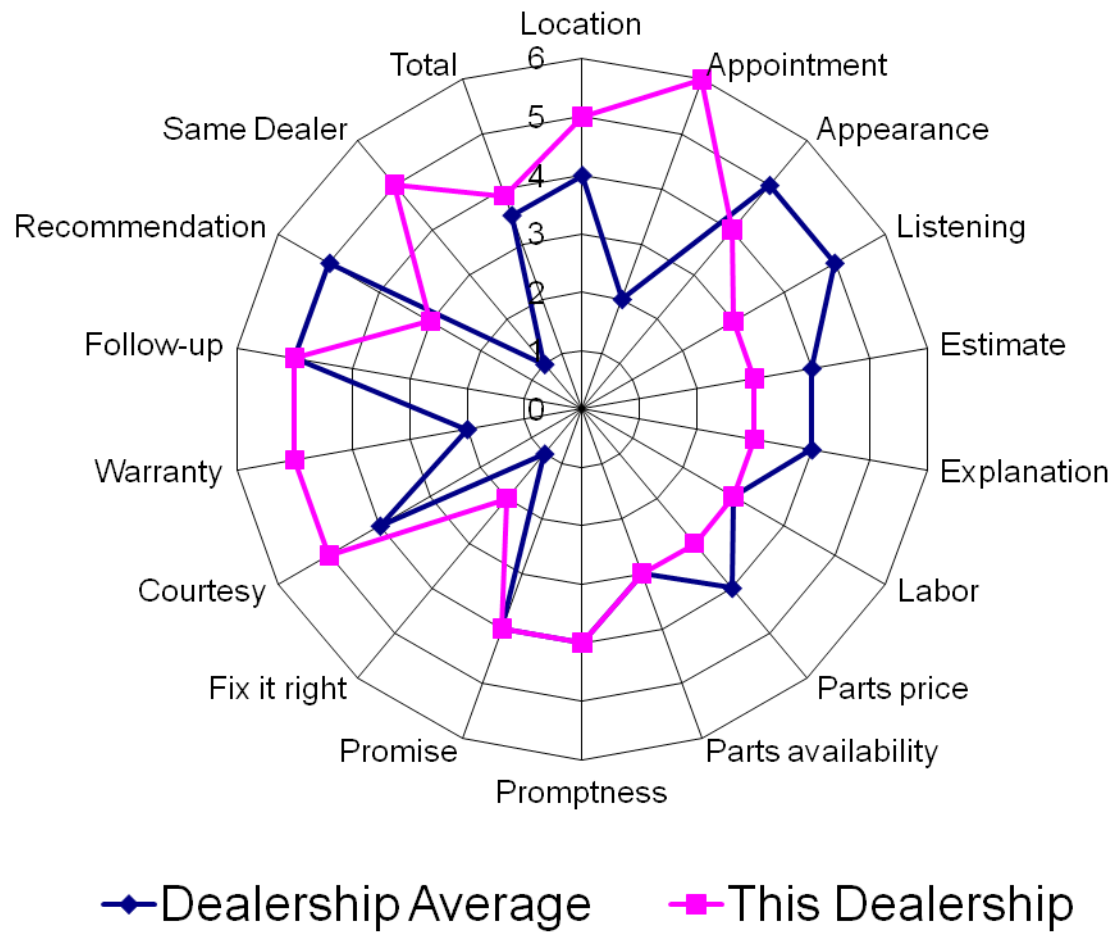
Summary

Post service follow-up maintains communication with customers and provides valuable feedback on customers' level of satisfaction.

Conclusion

The success of the Toyota 7-Step Service Procedure depends on good co-ordination within each one of the seven steps.

By following all of the Toyota 7-Step Service Procedures you can be assured of continued customer satisfaction resulting in increased customer retention and profitability.





Thank you